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Norway Handbook

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INTRODUCTION

Norway, a small, prosperous maritime country on the Atlantic coast of the Scandinavian peninsula, is the northernmost European NATO nation and one that shares a common border with the Soviet Union. Once neutralist and pacifist, the Norwegians were convinced—first by German occupation in World War II and then by postwar Communist expansion—of their vital need for strong defensive alliances. Today they are equally convinced of the need for peace through detente.

The Norwegians are the most nation conscious of the mainland Scandinavians because of their long history of domination by neighboring Denmark and Sweden. The configuration of the landscape—extensive mountain areas crisscrossed by deep valleys and fiords—contributes to an insularity in viewpoint, while an ancient seafaring tradition fosters an openness to the world. As a result of these conflicting influences, Norwegians are prone to compromises and hesitations as they plot their course. Norway joined NATO in 1949, but excluded foreign troops and nuclear weapons from its territory. As of early 1972, the Norwegians were still debating a final commitment to membership in the European Community that would, on the one hand, secure vitally needed foreign markets, but, on the other, adversely affect farming and fishing interests and ultimately reduce national sovereignty.

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Literate, self-reliant, [REDACTED] the Norwegians typify the Scandinavian homogeneity of race, culture, and religion. Growth has been inhibited by geography and climate, as well as by a shortage of manpower and natural resources. But, having remained a nation of small communities, Norway has largely escaped such modern ills as overcrowding and pollution. Problems, as they arise, are handled according to the principles of reason and political compromise, with the largest input to the solutions normally deriving from the long dominant, moderately socialist Norwegian Labor Party. Over the years the central government has built up a social and economic democracy that accords with the will of the great majority and makes life bearable in a harsh and rugged land.

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I. GEOGRAPHY

Physical data

Norway constitutes the western part of the Scandinavian peninsula. About 1,175 miles in length and varying in width from four to 250 miles, Norway shares borders with Sweden, Finland, and the USSR. It flanks North Atlantic and Arctic shipping lanes and the North Sea approaches to Baltic shipping lanes and is crossed near its mid-point by the Arctic Circle. The mainland accounts for 125,000 square miles (about the size of Illinois and Missouri combined), and the Svalbard Archipelago and Jan Mayen Island add 24,000 and 144 square miles respectively. Rugged mountains and hills, deeply dissected by narrow valleys, glacial troughs, and numerous sheer, rocky gorges, dominate the landscape. The world's most picturesque fiords cleave the Norwegian coast, some extending a hundred miles inland. Most of the country is more than 2,000 feet above sea level (highest point 8,100 ft.); the only significant low areas are in the extreme south.

Over 150,000 islands provide a protective barrier for extensive coastal transport. Deep water in the fiords affords many good ports.

Low shrub, tundra-type vegetation, and bare rock occupy more than half of the country. Forests of birch, spruce, and pine cover nearly a fourth of the land. Cultivated small grains and grass grow on the plains in the south.

Climate

The relatively warm waters of the North Atlantic and prevailing southwesterly winds afford comparatively mild winters, particularly along the coast where temperatures often stand near or above freezing. Nevertheless, cloudiness is prevalent (generally between 60% and 80%), and snow is frequent. Spring and summer are marked by lessened precipitation and a slight decrease in cloudiness. Mean daily maximum temperatures range from the upper 50s to the low 70s during the warmest month, July, and relative humidity is high at this time. In summer, fog is common, particularly in western coastal locations. The arctic island possessions have cloudy, damp, windy weather with cold summers and severe winters.

Natural resources

Norway's natural resources—with the exception of a vast hydroelectric potential, forests, and certain mineral deposits, including ilmenite, dolomite,

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iron and silica—are sparse. Norway is highly dependent on imports for hard coal, rubber, potassic fertilizers, and—pending the development of its large North Sea petroleum fields—crude oil. The country is only 40% self-sufficient in food production, but Norway is Western Europe's most important fishing nation, exporting 85-90% of its catch. Iron ore deposits are vast but of relatively low grade. Extensive timber stands have been reduced by overcutting and no longer meet the needs of the nation's wood-using industries.

Human resources

The population of Norway was an estimated 3,926,000 in 1971. Norway's mean population density (31 persons per square mile) is the lowest in Europe except for Iceland (5). The majority of Norwegians live in the southeastern and Atlantic coastal regions, where climate and topography are more hospitable to human habitation. The four northernmost provinces, with 42% of the country's land area, contain only about 15% of the population. Urbanization has been slow. As of 1969, about 43% of the population lived in communities of more than 2,000. Only three cities—Oslo, Trondheim, and Bergen—surpass 100,000.

Ethnically the Norwegians are a homogeneous people. The 15-20,000 Lapps residing in the far north constitute the only significant minority. Compared to the US, Norway has relatively large numbers of people in the older age brackets and comparatively small numbers of children. There is a slight over-all excess of females, but males are more numerous up to age 49. The country's birth rate per 1,000 in 1970 stood at 17.7, about standard for Western Europe, with a natural increase of .9%. As of mid-1970, 16,595 foreigners were employed in Norway. Of a 1.6 million-man labor force, 27% are employed in mining and manufacturing; 19.5% in agriculture, forestry, and fishing; 17.7% in services; 13.3% in commerce; 11.9% in transportation and communication; and 9.5% in construction. Unemployment stands at about 1%.

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II. ECONOMIC BACKGROUND

Economic policy and trends

Norway in the postwar period has relied on intensive regulation of economic forces within the framework of a free enterprise system. A deliberate policy of directing scarce capital resources into capital-intensive, higher productivity sectors—combined with the successful promotion of foreign capital—has produced an advanced industrial country.

The emphasis on growth has been tempered by social welfare programs. Oslo has actively promoted balanced economic growth, with full employment, social equity, rising living standards, and balanced regional and sectional development. Governmental subsidization of some inefficient segments of the economy, notably agriculture, has tended to hold over-all growth below its potential.

Since World War II, Norway has never experienced a prolonged period of industrial stagnation or substantial unemployment. Growth of total output has been relatively steady and sufficiently high to keep output per worker and income per capita rising in line with most other industrialized countries. Real Gross National Product (GNP) grew an average 5% annually during the last decade—equivalent to the rate achieved by the Organization for Economic Cooperation (OECD) as a whole. GNP in 1970 reached an approximate US \$11.4 billion, in excess of \$2,900 per capita and well above the European OECD average.

Costs and prices have generally been kept in line with international trends in the Sixties, despite comparatively high demand pressures and generous labor settlements. The government has attempted to deal with these inflationary pressures through an incomes policy that relies heavily on moral suasion, a building permit system to control the level of construction activity, monetary and credit restraints, and more recently temporary price-and-profit freezes.

The Norwegian economy, bolstered by accelerated consumption and high export prices, was booming as the country entered the Seventies. But during the latter half of 1971, the economy showed signs of slowing down. Largely as a result of the economic downturn elsewhere in Western Europe and the accompanying stagnation of foreign demand, the rate of growth in production declined and, with slower export growth, the trade deficit

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increased. The economy's major strength in 1972 is an expansive public sector and buoyant private consumption.

Foreign trade

Because Norway is deficient in natural resources and lacks a large labor force, it relies heavily on an export-oriented industrial structure to obtain imports for consumption and investment. Total Norwegian trade in goods and services amounts to over four fifths of the GNP. Because of its dependence on foreign trade, the internal economy is vulnerable to changing international trade patterns.

Norway's most important imports are bread grains, sugar, coke, rubber, potassic fertilizers, hard coal, rolled steel, and—until the development of its North Sea petroleum fields—crude oil. Manufactures accounted for 75% of Norwegian exports in 1970, compared to 63% in 1960. Export sales are very high in relation to total output for a number of Norwegian industries, notably those producing ferro-alloys, primary aluminum, nickel, zinc, nitrogenous fertilizer, and newsprint. Exports of raw materials and semi-manufactured goods have been declining in importance in recent years as the emphasis on processed goods has grown.

Approximately 30% of Norway's exports go to the markets of the European Community (EC) and about 46% to the European Free Trade Association (EFTA). With the trebling of intra-Nordic trade under the stimulation of EFTA during the Sixties, Norway's Nordic neighbors now take over one quarter of its total exports. Norway's principal trade partners are Sweden, the United Kingdom, and West Germany, followed by Denmark and the United States. The UK market retains its traditional role as Norway's single most important export market, while Sweden remains Norway's major supplier.

Balance of payments

Norway's external economic position has been remarkably stable during the postwar period. Official reserves have increased steadily, not only in absolute terms but also in proportion to imports. Although large current-account deficits have been common throughout the decade, the basic balance generally has been in surplus, with inflows of long-term capital and shipping earnings more than offsetting the recurrent trade deficits.

The balance-of-payments structure has been importantly influenced by the performance of the shipping sector. In the 1960s, the balance-of-payments surplus of the shipping sector covered as much as 90% of the

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deficit of the other sectors; the annual coverage ratio fluctuated between 62% and 108%. Net shipping earnings covered 88% of the trade deficit in 1970, after a sharp fall in imports of ships, a strong upsurge in exports of used ships, and a significant increase in net freight earnings.

The recent decline in freight earnings, however, may lead to some deterioration in net shipping earnings. Moreover, long-term capital inflows have fallen sharply in recent years. The net flow in 1967 was \$350 million, but in 1969 it dropped to \$158 million. In 1970 and 1971 inflows of capital recovered slightly because of increased borrowing for the shipping sector, and inflows are expected to be adequate to forestall any decrease in foreign exchange through 1972.

Structure of the economy

Substantial changes have occurred in the structure of the Norwegian economy since 1960, notably, a major shift out of agriculture, forestry, and fishing and into services. In 1960 agriculture, forestry, and fishing accounted for 11% of the GNP; by 1970 their share had fallen to 6%. Over the same period, services grew from 52% of GNP to 57%. Industry and construction have remained stable at 37% of GNP.

Agriculture is the weakest sector of the economy. Most farms are small, and production fluctuates widely because of climatic conditions. Increased use of agricultural machinery and improved techniques have resulted in greater efficiency for many farming units. But government subsidy policies—based in part on a desire to keep some population in remote areas of the country—favor the less efficient units.

From 1960 through 1970, manufacturing activity, paced by an expansion of hydroelectric capacity, increased significantly faster than Gross Domestic Product (GDP)—183%, as opposed to only 155% for GDP. As a result, the combined share of industry and construction in the GDP rose slightly, despite the slow growth of construction. Within manufacturing, those industries consuming large amounts of electric power grew most rapidly; chemical output rose by almost 125% between 1959 and 1969, basic metals by 120%, and wood products by 118%. In contrast, production of food products, beverages, tobacco, and textiles increased relatively slowly, and real output in the clothing and footwear industries declined.

The greatest expansion in the services sector occurred in transportation and communications, which continue to be dominated by ocean shipping.

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Norway's merchant fleet—the fourth largest in the world (in d.w.t.) in 1969—expanded rapidly. Continued investment in larger, faster, and more efficient vessels enabled Norway to increase its net shipping earnings.

Transportation and telecommunications

The development of transportation and telecommunications in Norway has been almost entirely determined by climate and geography. The networks, like the population, are concentrated in the south and along the coast; except for a few ports and airfields, there has been little development north of the Arctic Circle. Submarine cables and radio are the only means of communication with the islands of Svalbard and Jan Mayen. Svalbard has only a few miles of road.

Transportation by sea is very important. The cold winter climate—aggravating problems of rail, highway, and airfield construction, maintenance, and operation—seldom interferes with shipping. Deep water fiords provide many good ports. Most ports are ice-free; others are kept open by icebreakers.

Civil aviation is, nevertheless, assuming a more important role in Norwegian transportation. Good domestic and international air service are already available, and the government plans to expand domestic coverage. Airfields are concentrated chiefly in the areas of Oslo, Stavanger, and Trondheim.

The state-owned railroad provides adequate service. Its lines, which are concentrated mainly in the southeast, are the chief means of long-distance land transport. Highways supply feeder services to the railroad and provide access to regions not served by rail. Long-haul highway transport is becoming increasingly important as the highway network expands. There are international railroad connections to Sweden and, via a train ferry, to Denmark. Direct highway connections are available to Sweden, Finland, and the USSR.

Telecom facilities are high quality and provide good domestic and international services of all types. The greatest concentration of facilities is in the southern and coastal areas.

Most transportation and telecommunications are controlled by the Ministry of Communications which plans to acquire more than 250 merchant ships, construct 13 or 14 new secondary airfields, modernize rail passenger service, and continue improvement of the highway and telecommunications systems.

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III. POLITICAL SITUATION AND TRENDS

History

Norway as a political entity dates back to the ninth century, when King Harald Fairhair succeeded in consolidating a major part of the country through conquest and persuasion. Even earlier, the local inhabitants had regarded themselves as Norsemen, and their exploits have become legendary. The drafting of a common body of law by King Magnus Lagaboter in 1270 promoted royal authority, but rudimentary forms of self-government continued to survive. In 1380, Norway and Denmark became united under one sovereign, with Denmark the dominant partner. During the next four centuries, Norway was ruled by Danish officials, and the King resided in Copenhagen.

When Denmark, an erstwhile ally of the crumbling Napoleonic empire, ceded Norway to Sweden in January 1814, the Norwegians rebelled. A constituent convention assembled at Eidsvoll near Oslo and adopted a constitution for an independent Norway under a limited hereditary monarchy. After Sweden had exerted military pressure, however, Norway came to terms, accepting union with Sweden, as a separate kingdom under the Swedish monarch. The liberal constitution remained intact, and is the basis for present-day government in Norway.

In 1884 the Norwegian parliament forced the King to appoint a government that had its confidence, thereby establishing the principle of legislative supremacy and fostering the cause of national independence. In 1905 when Stockholm refused to grant Norway the right to establish a separate consular service, parliament formally declared the union dissolved, a decision accepted peacefully by Sweden. Prince Carl of Denmark, taking the name Haakon VII, became monarch. As royal prerogatives diminished, the power and prestige of parliament advanced. Suffrage was made universal in 1913, and the election of 1918 established a multiparty political system. Succeeding governments instituted economic and social reforms that earned Norway a reputation as a model democracy.

Eschewing an international role, the Norwegians preferred to tend to their own affairs. They avoided participation in World War I, but their dream of international neutrality was shattered in April 1940, when Hitler's forces swiftly overran the country. Following the war, Norway sought to ensure its political and economic future through membership in international and

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regional organizations. It joined the UN in 1945, NATO in 1949, the Nordic Council in 1952, and EFTA in 1959; as of early 1972 it stood on the threshold of the EC, debating whether or not to enter.

After the war, the task of rebuilding the shattered nation fell to the Labor Party, which under Einar Gerhardsen monopolized the government until 1965. A four-party bourgeois coalition under Per Borten took over and lasted five and a half years. In March 1971 the narrowly based coalition collapsed over the issue of Common Market entry and was succeeded by a shaky Labor government headed by Trygve Bratteli.

Government organizations

The Norwegian Government is a constitutional monarchy and a parliamentary democracy. Authority is centralized in Oslo. Power is shared by the three traditional branches—executive, legislative, and judicial. The rights of the individual are scrupulously observed.

The King serves as the visible symbol of governmental authority and political stability. Real executive power rests with the prime minister and his fellow cabinet ministers, who collectively and individually are responsible to parliament (the *Storting*). By tradition, the prime minister leans more toward the role of "first among equals" than that of "domineering leader." Each of the other ministers normally heads an administrative department. The whole cabinet, sitting in council, is responsible for making policy and planning programs. Most draft legislation submitted in parliament originates in the cabinet.

The 150-member *Storting* is elected as a single house and on important issues functions as a unicameral body. During the organization of each *Storting*, one fourth of the members are chosen to serve in the upper house (*Lagting*) and the remaining three fourths serve in the lower house (*Odelsting*). This division of the ranks permits bicameral consideration of draft legislation. Normally, a simple majority is sufficient for the passage of a measure, unless it is rejected by the *Lagting*, in which case a two-thirds vote in a unicameral session is required.

The *Storting* is the stronger element in the executive-legislative relationship. It has the power to force the cabinet to resign by a demonstrated lack of confidence, whereas the cabinet cannot dissolve the *Storting* during its four-year term. Parliament also appoints two ombudsmen, one for civilian affairs and one for military affairs, to monitor administrative procedures.

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Subordinate to the central government in the Norwegian unitary state system are the 20 provinces and 451 communes. Headed by the Oslo-appointed *fylkesmann*, the provincial administration serves as an intermediary between the national authorities and the local community. Communal officials direct local affairs and administer national programs on the local level. Each commune elects a governing council, which ultimately comes under the supervision of the Ministry of Communal and Labor Affairs.

Norway has an independent judiciary consisting of a Supreme Court (which is empowered to declare laws unconstitutional) five appeals courts, and 104 lower courts. Minor civil cases are frequently mediated in a local conciliation council. The National Police are empowered to levy fines for minor violations of the law.

Parties and elections

From 1884 to 1918, Norway had a modified two-party political system, with the Liberals and Conservatives the only parties strong enough to form a government. In 1918 the socialist Labor Party equaled the electoral strength of each of the two established parties. The introduction of a proportional voting system in 1920 encouraged the formation of additional parties, but by the 1930s Labor was dominant at the polls, a position it resumed in the post - World War II era.

Moderately socialist and generally pro-Western, the Labor Party draws support from workers, fishermen, small farmers, and some white-collar employees. In every postwar parliamentary election, it has received well over twice the vote of its nearest rival and thus has become the traditional governing party. The Conservative Party, the nation's second largest party, is largely an upper and middle class urban grouping that champions free enterprise and a strong national defense, but tolerates some government intervention. It regularly wins close to a fifth of the vote nationwide.

The Center, Liberal, and Christian People's parties occupy the center of the political spectrum and are the only other parties currently represented in the *Storting*. They have shared 28-30% of the vote fairly evenly in postwar national elections. The Center Party (formerly the Agrarian Party) has had some success recently in building support in town as a supplement to its strength on the farm. The Liberals are severely weakened by a split between two factions, one moderate-traditionalist and the other left-neutralist. The Christian People's Party seeks principally to maintain morality in public life.

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Anchored on the far left are the small Socialist People's Party and the even smaller Communist Party. With its blend of neutralism, nationalism, and Marxism, the former has had only fleeting success at the polls. After a good showing in the 1945 election, the Communist Party has declined to the point of insignificance.

In the national balloting of September 1969 the electorate divided almost equally between left and center-right. Labor took 74 parliamentary seats or 46.5% of the vote, which—combined with the 3.5% and 1% received respectively by the Socialist People's and Communist parties—totaled 51% for the combined left. On this basis, Labor claimed the right to govern, but the center-right coalition did not concede until March 1971. The breakdown of the center-right vote was: Conservative—19.6% and 29 seats, Center—10.5% and 20 seats, Christian People's—9.4% and 14 seats, and Liberal—9.4% and 13 seats, for a combined total of 48.9% and 76 seats.

Norway chooses its parliament by a system of proportional representation that slightly favors the larger parties and the less populous rural constituencies. Balloting is held over a two-day period to ensure a high turnout (80.6% average in seven postwar elections). National elections are held every four years, normally in September. Communal elections are also held every four years, normally at the midpoint between parliamentary balloting. In 1967 parliament lowered the voting age from 21 to 20.

Police and security systems

The national police system, which was established by the Police Act of 1936, is under the Ministry of Justice and Police. The nation is divided into 53 police districts, each under the command of a chief of police, who is also in charge of civil defense.

On the operational level, the Norwegian National Police is made up of three forces. Members of the City Police, in addition to routine duties, are authorized to issue drivers' licenses and passports and control aliens. The Rural Policemen additionally collect taxes, supervise road maintenance, and conduct elections. Members of the Mobile Police Corps work in support of the city and rural police and are on call to conduct special investigations or cope with emergency situations.

The police are generally regarded as honest, reliable, and fairly efficient. They are fully able to maintain public order in time of peace.

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IV. SUBVERSION

Norwegian society is old, stable, and cohesive and thus provides a poor target for those elements, principally on the far left, who would seek to subvert it. As presently constituted, the Norwegian Communist Party (NKP), the radical-leftist Socialist People's Party (SF), and a New Left grouping represent little threat to domestic institutions. Nevertheless, they are capable of acting as Soviet agents in efforts to exploit Norway's strategic location. Political radicals suffer no legal discrimination, but are subject to surveillance by internal security forces, which appear adequate to control anti-state activity.

The rival left-wing parties, the NKP and SF, suffer from common disabilities: declining memberships (2,000 and 5,000 respectively), insufficient financing, absence of parliamentary representation, and a propensity for splintering. Both focus on propagandizing against Norway's pro-Western stance, advocating instead a neutralist position. The NKP has engaged in limited acts of espionage and sabotage over the years, but it is unlikely that the SF has engaged in such kind of activity, especially given the pacifist orientation of many members. On the New Left, the Socialist Youth Federation-Marxist-Leninist claims to be an elite organization dedicated to overthrowing the existing order by violence, but its small membership leaves it more an irritant than a threat.

Civilian internal security is the responsibility of the Norwegian State Security Police, a 200-man force that works in conjunction with the Norwegian National Police. A much smaller Military Security Service operates as a component of the Defense Ministry. Generally well-rated professionally, both services attract the criticism and suspicion that ordinarily attaches to such organizations in an open society.

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VI. ARMED FORCES

Strongly motivated by the German invasion of 1940, Norway in 1949 undertook a major departure from its traditional policy of neutrality and became a charter member of NATO. Over the years, Norway has mustered only a small conventional fighting force. Nonetheless, it remains a vital part of the Western Alliance since it guards a third of NATO's frontier, provides early warning signals on Soviet activity in the north, and monitors the passage of Soviet naval units into the Atlantic. Lest the Soviets or lingering anti-military feeling within Norway be unduly aroused, Oslo has refused from the beginning of the alliance to allow foreign military forces to be stationed on its territory so long as the country is not at war or threatened with attack. It also has refused to accept nuclear weapons for Norwegian troops or to allow these weapons to be stored within the country's borders.

Norwegian military expenditures regularly fall below the NATO average. For 1971 the defense budget stood at \$410 million, about 13% of the total budget. The government's proposed budget for 1972 allows for a 1.9% increase in defense spending in real terms, rather than the previously planned 2.5%.

The Norwegian manpower pool consists of about 907,000 males between the ages of 15 and 49, of whom about 732,000 are fit for military service. Universal conscription, with draft age pegged at age 19, provides about 22,000 men annually, 62.5% of whom enter the army, where they serve 12 months as opposed to 15 months in the navy and air force.

The size of the armed forces has remained relatively stable since 1960, and no significant change is expected. The army stands at 16,000 men, the navy at 8,600, and the air force at 8,850, including 250 pilots. There are no paramilitary forces capable of making a substantial contribution to national defense. A 77,000-man reserve, the Home Guard, would be activated to provide backup services in wartime. Significant armaments include 5 destroyer escorts, 15 submarines, 210 aircraft (111 jet), and one battalion of Nike missiles.

The army, stationed principally in northern Norway, is responsible for territorial defense; the air force, for air defense. The assigned missions of the navy are the defense of the northern coast and the protection of coastal shipping.

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The armed forces are incapable, without outside aid, of defending Norwegian borders against a determined, well-equipped modern aggressor. Difficult terrain poses serious transportation and communication problems. The services are handicapped by personnel shortages, budgetary restrictions, and a strictly defensive attitude. A major strength is the high quality and determination of military manpower.

Norway has contributed troops to UN peace-keeping operations in the Middle East and the Congo. It has a battalion organized for use as part of the permanent UN stand-by force, and eight aircraft are earmarked for peace-keeping duties.

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VII. FOREIGN RELATIONS

The Norwegian Government maintains a basic commitment to controlled international disarmament, nonproliferation of nuclear weapons, and strengthening the United Nations as a world peace-keeping and relief organization. At the same time, Norway has signified its intent to remain an active member of NATO until these primary goals may be realized. Norway favors the broadest possible forms of economic cooperation in principle, but has been torn between pursuing this goal in a Scandinavian framework or in a larger European context. In support of its large merchant fleet, Norway has been a vocal advocate of free trade.

Norwegian foreign policy is influenced to a considerable extent by the idealism that pervades its society. As a result, there is a tendency to view affairs far distant from immediate national interests with concern, i.e., colonialism as practiced by Portugal and the anti-democratic nature of the Greek junta.

Except for the issue of Norway's membership in the Common Market, there is general agreement among the major political parties on the principles of Norwegian foreign policy. The notable exceptions are the political factions on the left, which object to Norway's Western ties, particularly to NATO and the United States. These groups prefer that the nation cultivate a greater self-sufficiency or participate in a Nordic grouping that would entail a more neutral stance and be open to greater influence from the East.

A basic element in Norway's foreign policy is its commitment to Nordic cooperation within the Nordic Council, a consultative body of top government officials which meets annually. The Council possesses only advisory power, but it has brought such advances as the establishment of a common labor market, the elimination of passports, and the passage of joint laws in the fields of social welfare and taxation.

Currently Norway is a member of the loosely organized European Free Trade Association (EFTA), but in a major step toward joining an integrating Western Europe, it signed the Common Market accession treaty in January 1972. Membership in the EC is conditional on an advisory public referendum, now scheduled for September 1972, and subsequent parliamentary approval, which is by no means certain.

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Norway is an activist member of the United Nations, belongs to all of its specialized agencies, has contributed troops to its peace-keeping efforts in the Congo and the Middle East, and has consistently channeled a high percentage of its sizable foreign aid contribution through the organization. Both inside and outside the United Nations, Norwegian leaders show a special concern for disarmament and detente. Norway has followed the progress of the SALT and of Ostpolitik with interest and general approbation. It has looked favorably on various proposals for mutual balanced force reductions in Europe and has been in the vanguard of NATO states pressing for a European security conference.

The Norwegian relationship with the United States is cordial and even close. But this does not deter Oslo from risking Washington's displeasure as, for example, in late 1971 when Norway recognized North Vietnam. Norwegians have a special feeling of kinship toward the British and in the post-war era have chosen to follow the UK lead on many issues, particularly economic policies.

Norway's relations with the Soviet Union and the Eastern European states have been relatively friendly, given Norway's attachment to NATO and the large Soviet military buildup in the North. Norway has sought to avoid antagonizing the USSR and normally maintains an official silence when it is faced by Soviet charges. In Asia, as in other more distant areas of the world, Norway concerns itself only with matters of prime political or commercial interest. Norway recognized Communist China in 1950 and consistently supported its entry into the UN.

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VIII. US INTERESTS

Norway is a placid country—sparsely populated, politically stable, generally prosperous, and even somewhat isolated. Yet, it sustains an important role in Western affairs.

Norwegian territory represents NATO's northern flank. It serves both as an observation post and as a potential interdiction point, particularly against Soviet shipping. In turn, the northern provinces and Svalbard are subject to relatively strong Soviet influence and are not easily defensible in any case. Norwegian forces, though capable, are small, and established government policy forbids the presence of foreign troops or nuclear weapons except in an emergency. This prohibition derives in part from Norway's pacifist-neutralist past, which could resurface if a sense of alienation were engendered by such circumstances as a failure of Oslo's bid to join the Common Market or a drastic weakening of the US commitment to Western Europe's security.

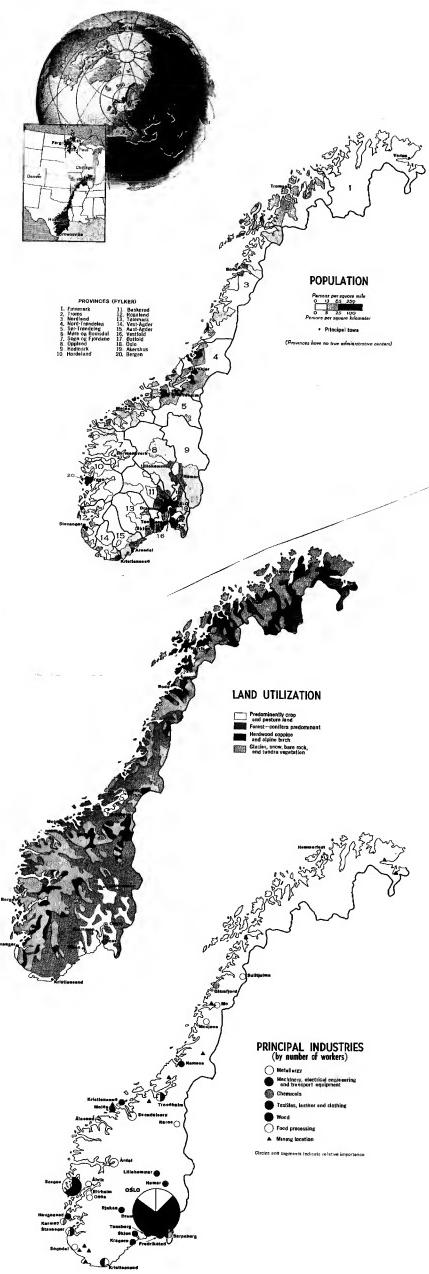
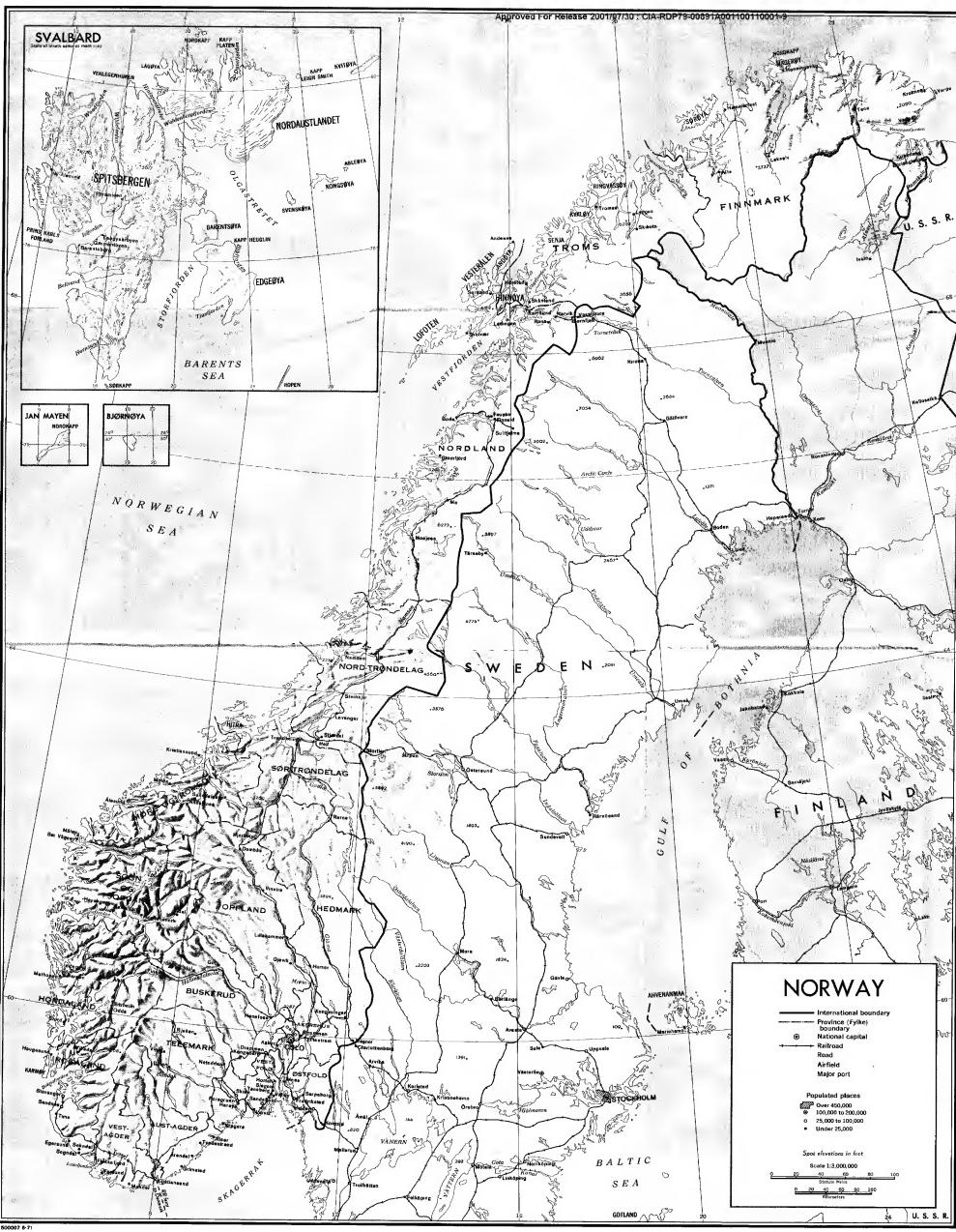
Norway views the US as vital to its defense. But, under the influence of Scandinavian idealism and small country activism, Oslo is inclined to press the US on various issues. It seeks, for example, faster movement toward East-West detente and disciplinary action against Greece in NATO. Its sense of mission makes Norway a very useful member of the UN. It has contributed troops to international peace-keeping efforts, both in the Middle East and the Congo, and has designated a battalion to be part of the permanent UN stand-by force.

Tangible assets include significant North Sea oil deposits and a modern merchant fleet, the world's fourth largest in terms of deadweight tonnage. Heavily dependent on shipping and external commerce, Norway has long been a vocal advocate of free trade principles. The US is Norway's fifth most important trade partner, placing only behind Sweden, the UK, West Germany, and Denmark. In recent years the US has regularly enjoyed a favorable balance of trade with Norway. US firms are among the leading foreign investors in Norway. Oslo has generally welcomed investment to the extent that it does not threaten foreign control of vital sectors of the economy.

Norway

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